

DEPARTMENT OF NATURAL RESOURCES FIRE SUPPRESSION STUDY

PROPOSED FINAL REPORT

REPORT DIGEST

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STATE OF WASHINGTON

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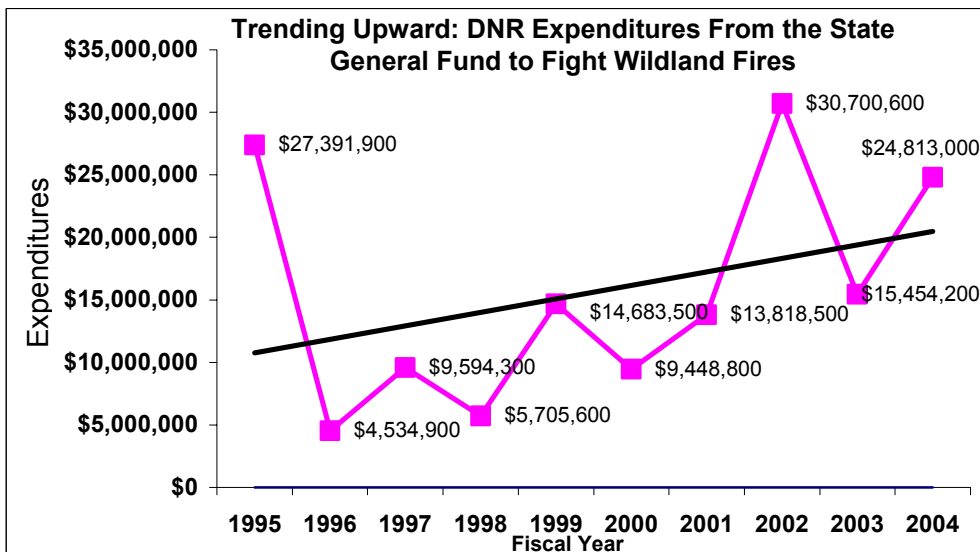
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The Department of Natural Resources (DNR) is the state's fire department for fires on private and state-owned forestlands. DNR protects some 12.2 million of the 22 million forested acres in the state. This includes small rural parcels, large commercial forestland, and 2.3 million acres of state-owned land that DNR manages.

While the amount the state spends fighting wildland fires varies greatly from year to year, the spending trend is rising.



Source: JLARC analysis of DNR budget submission data: controlled for inflation.

Historically, state budget writers based DNR budgets on the answer to the question, "How much money do you think you need?" In addition to adding \$23 million for fire fighting in the 2004 Supplemental Budget, the Legislature asked JLARC to investigate why expenditures are increasing and to help policymakers understand how DNR fights forest fires.

When JLARC began to research answers to the Legislature's questions, we found that agency data systems either did not contain or were too poorly set up to provide data essential to answering the question of *why* costs are increasing. DNR cooperated fully in this analysis, but getting answers to some basic questions – such as the cost of hiring a firefighter over the past few years – was often frustrating and time consuming. In other instances, the data required simply did not exist at DNR.

The Legislature recognized and addressed this problem when it passed the 2005-2007 Biennial Budget — just as this report was in production. The biennial budget provides DNR with \$250,000 to improve the agency's financial and statistical systems. Such an improvement will be key to helping policymakers understand the factors causing expenditures to increase at DNR.

In spite of the data access challenges we encountered at DNR, this report explains how DNR operates its fire suppression program, offers explanations for spending increases, and suggests changes that, if implemented, will enhance the Legislature's understanding of *why* fire suppression spending is rising.

Is There One Thing Driving Expenditure Increases?

No single factor is causing spending to rise for fire suppression. But increasing costs are closely tied to the number of acres burned. So when conditions are ripe for wildfires and they do burn more acres, policymakers can expect expenditures to go up.

Does DNR Comply with Policies Set in Statute?

DNR complies with statutory direction to fight wildfires aggressively, but attempts to protect structures as well. This may conflict with statutory direction to make trees a higher priority than structures.

DNR is not currently complying with another statutory direction: to routinely compare its fire suppression costs with those of private-sector vendors. Such a comparison helps to analyze alternatives to current practices.

Who Pays for Fighting Forest Fires?

Most of DNR's funding to fight fires comes from the state general fund. But DNR also receives funding from landowner fees and recovers costs from landowners who through their negligence start fires.

Federal agencies reimburse DNR when it helps suppress fires on federal land. This relationship is growing in importance, but tracking reimbursements is cumbersome. And when DNR reports its annual fire suppression efforts, it does not include fires on federal land.

Can DNR Control Costs Even if More Acres Burn?

DNR is taking steps to control costs. For instance, DNR tries to set rates for services before engaging those services — a basic and necessary first step in controlling costs.

The agency, however, will continue to have difficulty monitoring and controlling its costs without more thorough data gathering and analysis. DNR needs to upgrade financial information systems so that managers can more readily tell what they spent and how much they paid for services as they compare costs and build budgets.

Why are Supplemental Budgets So Big?

Supplemental budget requests for fire suppression are almost guaranteed because of the unpredictability of fire seasons. One lightning storm can make a fire season severe and expensive. A single, well-timed rain storm can significantly reduce a fire season's severity and cost.

Nevertheless, we believe DNR can develop a more consistent budget by relying on more predictable information. For instance, DNR could review the costs of fighting small fires separately from the costs associated with fighting large fires.

Recommendations

We recommend that DNR undertake the following short- and long-term strategies to help the Legislature and the agency itself better understand wildland fire fighting costs:

1. **Provide more complete information** on all fires, including those where DNR participates in suppressing fires on federal land;
2. **Meet statutory requirements** for public/private cost comparisons;
3. **Update and upgrade financial systems** to include information on unit costs and units used;
4. **Enhance the accuracy of budgeting** by using more reliable categories such as fire size or management complexity, and encourage policymakers to consider fire suppression and pre-suppression budgets together.
5. **Standardize agreements with local fire districts;** and
6. **Include all costs associated with the helicopter program** in the pre-suppression budget, and develop a **prospective rate methodology** for the helicopter program.